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C O N F I D E N T I A L SECTION 01 OF 02 VIENNA 001772

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TAGS: [PGOV](#) [PREL](#) [AU](#)

SUBJECT: NEW AUSTRIAN GOVERNMENT TAKES OFFICE; PROSPECTS
UNCERTAIN

REF: VIENNA 1752 AND PREVIOUS

Classified By: ECON/POL Counselor Dean Yap. Reason: 1.4(b) and (d)

Summary

¶1. (U) Austria's new "Grand Coalition" government of Social Democrats (SPO) and Conservatives (OVP) took office the morning of Dec. 2. While opinion polls show broad public support for the new government, media commentary is divided and includes much criticism of the lack of substance in the coalition agreement. Chancellor Faymann (SPO) also published a "letter to the readers" of populist daily "Kronen Zeitung," a step likely to antagonize many in the OVP. The OVP's newly minted leader may also be suffering a lack of support from his own party, judging from a lackluster performance at the party's Nov. 28 convention. End Summary.

Sworn-In

¶2. (U) Austria's new government - the 20th since 1945 - was officially sworn-in by President Heinz Fischer Dec. 2. (Due to the illness of Justice Minister-designate Bandion-Ortner, Science Minister Johannes Hahn will temporarily fill that portfolio.) It is headed by SPO Chancellor Werner Faymann and OVP Vice-Chancellor and Finance Minister Josef Proell. With only 59 percent of seats in parliament held by the new government, it is the smallest "Grand Coalition" ever. The government also met Dec. 2 for its first cabinet session. On Dec. 3, the Chancellor and Vice-Chancellor will present their government agendas to parliament for debate.

Media Politics

¶3. (U) The Austrian media is divided in its response to the new coalition. Mainstream "quality" press have sharply criticized the coalition agreement between SPO and OVP as lacking in substance and extremely costly for the future taxpayer. When a journalist from the centrist daily "Presse" raised this issue, Faymann responded "you shouldn't read the 'Presse' so much." The "quality" press's attitude may reflect some professional jealousy, however, as Chancellor Faymann continues to use the populist daily "Kronen Zeitung" (the world's biggest newspaper in terms of market penetration) to reach out directly to the public. Indeed, Faymann published a letter to "Krone" readers on Dec. 2, promising, inter alia, to work to bring any future EU treaty before the voters for a referendum. This step is likely to antagonize many in the OVP, as it parallels Faymann's early July letter which led to the collapse of the previous coalition and the defeat of the OVP in the September 28 election. This time, however, Faymann also released the letter to the Austria Press Agency, enabling other papers to print it as well.

Conservatives Not Thrilled with New Leader

¶4. (U) On Nov. 28, seeking to propel their new leader, Vice Chancellor Josef Proell, into office with a demonstration of loyalty, the OVP held a convention to formally elect Proell as party leader and select a new management team for the party. The convention, however, turned into a rather lackluster day for Proell. Styrian OVP leader Hermann Schuetzenhoefer, the only speaker after Proell was formally nominated, pledged his and the Styrian OVP's support for Proell personally, but was also (using to full advantage the German language's preference for the passive voice) very critical of the decision to quickly negotiate a government with Faymann (a populist who will subordinate necessary reforms to his own political sensibilities) rather than fully explore other options.

¶5. (C) Proell's own speech was at times defensive - justifying the coalition with the SPO as the only responsible option - but more often vague, though progressively oriented. He praised the Bush Administration's financial rescue policies as examples of the "non-ideological flexibility" that was "the best conservative tradition." His non-specific call for party reform received moderate applause. Proell announced his intention to focus on the development of a new program for the party. Overall, this observer was uninspired and the limited applause suggested many party delegates felt the same. Proell, the only candidate, was elected party Chairman with a seemingly impressive 89.6 percent of the vote. However, this was reportedly the lowest vote for a party leader in the OVP's history and was less than the 90 percent plus predicted by many delegates before the vote.

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Comment

¶6. (C) Much augurs well for the new Austrian coalition -- the two principals enjoy better relations than their predecessors and both seem to have a better knack for managing their respective parties. As noted, the coalition enjoys public support. Neither party will be anxious for early elections, both having fallen to historic lows on September 28 and given the rising popularity of the parties of the right. Even the financial crisis seems to have worked to move the two parties closer together, given their limited options. However, the events noted above highlight that the Grand Coalition faces real challenges as well -- meeting voter expectations, managing the critical press, possible intramural strains in the parties, not to mention the need to pursue successful domestic and foreign policies. This edition of the Grand Coalition does seem likely to survive longer than its predecessor, but it cannot be guaranteed to last its five year mandate. End Comment.
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